

THE EXPORT-IMPORT BANK

FINANCING SOLUTIONS FOR U.S. EXPORTERS

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Have you ever missed an exporting opportunity due to financing or payment uncertainties? Well, the Export-Import Bank has financing solutions that may make this problem less common.

The expert export financiers at the Export-Import Bank (Ex-Im Bank) of the United States have solutions to these and many more challenges with which that small business are confronted when exporting.

Ex-Im Bank is the official export credit agency of the United States. In 66 years, it has supported nearly \$400 billion in U.S. exports and has a remarkable record of providing trade financing for small and medium-sized U.S. exporters.

With no minimum or maximum transaction limits, Ex-Im Bank has

EXPORT YOUR FINANCING CHALLENGES, IMPORT OUR FINANCING SOLUTIONS

Ex-Im Bank provides an array of financing options, tailored to meet the needs of the U.S. exporter that include short, medium and long-term financing for the export of goods and services.

Having a great product or service is only part of the formula of a successful business strategy. Few companies possess the market power to dictate all sales terms. Providing a superior financing package is not simply a nice touch, but an integral part of the total sales package. Often, it is the edge that wins the sale.

Another recurring challenge in export financing is a lender's reluctance to finance the pre-export working capital cycle of a company's business. All too often, a lender simply will not extend credit on export items. This can cause severe cash flow problems for the

in emerging markets. Capital goods and related service typically require financing. Perhaps the most dynamic feature of our working capital guarantee, is the ability of a lender to finance an exporters inventory work-in progress, a rarity on asset-based lending.

Below are listed just a few of the many programs that the Ex-Im Bank offers in which small and medium business exporters can participate to overcome these challenges.

■ Working Capital Guarantee Program

The Working Capitals Guarantee Program encourages commercial lenders to provide loans to U.S. businesses involved in various export-related activities. By allowing local commercial lenders to provide working capital loans backed by the Ex-Im Bank, businesses with export potential are able to fulfill order obligations and therefore expand the reach of U.S. exports. The Ex-Im Bank and

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supported export sales as small as \$250 and as large as \$2 billion. Ex-Im Bank's long tradition of supporting U.S. exports, predominately to emerging markets, has rightfully earned the Bank a reputation as the “go-to” place for the toughest export deals.

exporter and ultimately make the pre-export financing segment substantially more expensive than working capital financing for domestic sales. A further obstacle for U.S. exporters is the availability of foreign buyer financing for capital goods purchases, especially

the Small Business Administration (SBA) provide repayment guarantees covering 90 percent of the loan's principle and accrued interest to the commercial lenders on secured, short-term working capital loans to qualified exporters.

Exporters can access Ex-Im Bank guaranteed working capital loans locally through pre-qualified private lenders, or delegated authority lenders, without prior approval by Ex-Im. To expedite processing, the Ex-Im Bank has also established a City/State Program, consisting of state and municipal organizations whose staff receive training in Ex-Im Bank programs and can guide the exporter through the application process. A list of pre-qualified lenders and participants in the City/State Program can be obtained from Ex-Im's web page.

■ Small Business Insurance Program

In addition to the Working Capital Guarantee Program, the Ex-Im Bank offers a Small Business Insurance Program, which allows a small business exporter to extend short term financing to foreign buyers. The Ex-Im Bank protects exporters against default from foreign buyers by paying 95 percent of the credit if the buyer cannot pay for commercial reasons, such as bankruptcy. Ex-Im will cover 100 percent of the credit for political reasons, such as an outbreak of war. Currently, over 1,100 U.S. small businesses are taking advantage of this program. It is only offered to firms just beginning to export or to those with average annual export credit sales of less than \$3 million for the past two years. These businesses must also meet SBA guidelines for the definition of a small business.

■ Medium-Term Export Credit Insurance

The Medium-Term Export Credit Insurance is yet another program offered by Ex-Im Bank that can be used as a valuable marketing tool for small business exporters. Medium-term financing is not easily available in many countries, and this problem is tackled through this program. Medium-Term Insurance gives the exporter the ability to offer credit terms ranging from 1 to 7 years with the commercial and political risks of

default being covered 100 percent by Ex-Im Bank. Medium-Term Insurance can also be used by exporters to finance capital and quasi-capital goods and services. The Ex-Im Bank may also provide Medium-Term Loan guarantees to U.S. based banks to finance U.S. exports.

Ex-Im Bank has the ability to support most types of financing, from short-term, single sale transactions to long-term, non-recourse project financing. Ex-Im Bank also offers special incentives for environmentally beneficial exports. Further information about these programs and documents you will need can be found at Ex-Im Bank's website at www.exim.gov.

IF YOUR COMPETITORS ARE USING EX-IM BANK FINANCING SHOULDN'T YOU?

With the technological advances of recent years, every company should be a global company — most small business customers and competitors with repayment terms certainly are.

Not only can foreign buyers discover a dearth of financing opportunities in their local markets, but when they do find a local lender, it is all too often priced at a punitive interest rate in the local currency. Ex-Im Bank insurance or guarantees allow attractive U.S. dollar-based loans to creditworthy buyers who buy American goods.

With the Ex-Im Bank financing, exporters are just a few steps away from export financing solutions than can expand sales while minimizing risks. If you have been trying to "go global" and can't find financing, the Export Import Bank of the United States most likely has a program that can service your exporting needs. ■

A LIST OF CONTACTS AND IS FOUND AT WWW.EXIM.GOV/REGIONAL.HTML

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Or your local Export Assistance Center, a list of which is on the back cover of the magazine.